June 30, 2010

Washington, DC – Today, Rep. Ben Ray Luján voted to reform Wall Street, prevent the irresponsible practices that led to the economic crisis, and create strong consumer protections. The Wall Street Reform bill protects consumers from predatory lending practices, prevents costly taxpayer bailouts, creates tough new rules on the riskiest financial practices, and improves oversight and enforcement. The bill passed the House of Representatives by a vote of 237 to 192. It will now be considered by the Senate.

"For too long, the irresponsible actions of Wall Street have put New Mexicans at financial risk," said Rep. Luján. "We need to protect consumers and hold Wall Street accountable, and this Wall Street reform package is an important step in that direction. It will end some of the most irresponsible practices of Wall Street, help put an end to bailouts, bring more transparency to the financial system, and protect consumers."

The Wall Street Reform bill:

- Creates a new independent consumer protection watchdog to ensure that consumers purchasing mortgages and using credit cards get accurate information. It also will protect consumers from hidden fees and terms and abusive practices.
- Helps ends too big to fail bailouts by establishing a safe way to liquidate failed banks and financial firms, preventing too big to fail banks from being created, and establishing oversight of firms.
- Improves transparency and accountability by providing new rules for credit rating agencies, eliminating loopholes used to hide abusive practices, and preventing hidden risky transactions of dangerous financial products.

The legislation also accomplishes the goals of the Luján Amendment to the House bill by preventing banks from merging with nonbanks to become too big to fail. Under current law, a bank cannot merge with another bank if the combined deposits equal or exceed 10 percent of all US deposits. There is currently a loophole that allows a bank to buy a nonbank entity, such as a thrift, and exceed 10 percent of all deposits. For example, Bank of America was able to purchase Countrywide Mortgage.

Rep. Luján's amendment, which was originally added to the House legislation in the manager's amendment, would close this loophole and prevent banks from merging with thrifts if the combined deposits equal or exceed 10 percent of all US deposits. This ensures that no bank can grow beyond 10 percent of all US deposits through a merger, preventing the creation of "too big to fail" entities that could threaten the stability of the financial system.